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Message Text

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51
ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 EB-03 SCI-03 SCEM-01 NSC-10

NSCE-00 CIAE-00 INR-10 NSAE-00 RSC-01 COME-00 PRS-01

L-02 DRC-01 /057 W
---------- 075515
P R 081230Z DEC 73
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 2243
INFO USMISSION EC BRUSSELS

C O N F I D E N T I A L ROME 13626

LIMDIS

E.O. 11652: GDS
TAGS: ENRG IT US
SUBJECT: PRIME MINISTER REQUESTS US ASSISTANCE ON OIL SALES

1. PRIME MINISTER RUMOR PERSONALLY TELEPHONED AMBASSADOR EVENING DEC. 7 TO ASK IF US COULD ASSIST WITH A PROBLEM WHICH IS CAUSING HIM DEEP CONCERN.

2. PRIME MINISTER TOLD AMBASSADOR THAT HE HAS REPORTS THAT US COMPANIES ARE BUYING ITALIAN-OWNED OIL AT EXTREMELY HIGH PRICES, CITING $12 TO 15/BBL. HE NAMED THE FOLLOWING US OIL COMPANIES AS ACCORDING TO HIS INFORMATION AMONG THOSE INVOLVED: COASTAL OIL, SOHIO, OCCIDENTAL, ASHLAND AND (PHON) GORTALS.

3. AMBASSADOR TOLD PRIME MINISTER THAT HE WOULD TRANSMIT FOREGOING TO WASHINGTON. PRIME MINISTER DEPARTED DEC. 8 FOR LONDON FOR WEEKEND MEETING WITH PRIME MINISTER HEATH. HE RETURNS DEC. 9 AND INDICATED HE WOULD CALL THE AMBASSADOR DEC. 10 OR 11.

4. PRICES CITED BY RUMOR ARE CONSISTENT WITH PRESS REPORTS OF SPOT PRICES FOR LIMITED QUANTITIES MEDITERRANEAN CRUDE. GOI HAS IMPOSED CONTROLS ON ALL EXPORTS FROM ITALY INCLUDING
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BULK REFINERS WHO REFINE FOR FOREIGN CUSTOMERS. OUR BEST

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GUESS IS THAT ITALIAN INDEPENDENT DISTRIBUTORS WHO HAVE TRADI-
TIONALLY IMPORTED SUBSTANTIAL PROPORTION OF ITALIAN HEATING OIL
NEEDS ARE RESELLING THEIR CRUDE OR PRODUCT AVAILABILITIES TO
HUNGRY OIL COMPANIES AT A PRICE SUBSTANTIALLY HIGHER THAN THE
CONTROLLED INTERNAL ITALIAN PRICE.

5. TODAY, DEC. 8, IS ITALIAN HOLIDAY AND RUMOR'S PERSONAL STAFF
ACCOMPANIED HIM TO LONDON. WE WILL THUS BE UNABLE TO OBTAIN
FURTHER DETAILS UNTIL DEC. 10. IT APPEARS TO US THAT THE PROBLEM
WHICH IS TROUBLING THE PRIME MINISTER IS PROBABLY TURNING UP
WITH OTHER COUNTRIES. RECOGNIZING THAT ITALIAN PROBLEM MAY IN
FIRST INSTANCE BE RESULT OF INADEQUATE ENFORCEMENT EXPORT
REGULATIONS, WE WOULD APPRECIATE KNOWING IF US OIL EXPERTS
ARE GIVING ANY CONSIDERATION TO THIS SORT OF SITUATION IN
A LARGER CONTEXT. ACTION REQUESTED. DEPARTMENT IS REQUESTED
TO PROVIDE GUIDANCE FOR AMBASSADOR'S USE WITH PRIME MINISTER,
HOPEFULLY BY 9 A.M. LOCAL DEC. 11. VOLPE

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